

**Legislative Council Meeting
Capitol Building, WW-17
Boise, Idaho
February 24, 2014**

Minutes

The meeting was called to order at 3:15 p.m. by Co-chair Speaker Scott Bedke. Legislative Council members in attendance were Pro Tem Brent Hill; Senators Bart Davis, Steve Bair, Clifford Bayer, Elliot Werk, Michelle Stennett and Cherie Buckner-Webb; Representatives Mike Moyle, Gary Collins, Jason Monks, John Rusche, Sue Chew and Phylis King

Also in attendance were Mary Sue Jones and Jennifer Novak, Senate staff; Terri Franks-Smith, House staff; Jeff Youtz, Director Legislative Services Office; Michelle O'Brien, Terri Kondeff, April Renfro and Cyd Gaudet, LSO.

Bid Selection for the Next Legislative Branch Audit Cycle

Mr. Jeff Youtz, Director Legislative Services Office, indicated that the one item on the agenda was to select a CPA firm to do the next audit cycle for the Legislative branch. He reminded the Council that in the 2012 session they had changed the audit cycle from an annual audit to two-year biennial audits. He explained that after the RFP was approved by the Legislative Council in November it was sent out to six very qualified prospective firms with a bid proposal deadline of January 28th and a February 24th, 2014 deadline for selecting a bidder.

Director Youtz said that of the six bids that were sent out three firms had responded, two of which had done legislative audits in the past. As such he indicated that he felt very comfortable with the bids that had been received.

Director Youtz explained that he, April Renfro, Teri Kondeff, Terri Franks-Smith, and Mary Sue Jones comprised the audit proposal review team. In addition to meeting twice to go through the bids each member individually ranked them using a point system based on four criteria. He indicated that in terms of technical capability and managerial and staff capability they had ranked Eide-Bailly as number one. He explained that Hooper-Cornell, who did the last

legislative branch audit, was the lowest bidder. However overall based on points Eide-Bailly was ranked number one, Hooper-Cornell number two, and Clifton-Larsen was ranked number three. In terms of cost Director Youtz advised that this had worked out just as they had hoped. He explained that the last annual audit had cost \$15,000. They had hoped that changing to a two year audit could save approximately one-third of this cost. As such they were anticipating that the bids would come in around \$20,000, and in fact, two of the three bids did.

Representative Rusche asked what Work Record Substandard meant on the evaluation sheet. Director Youtz explained that this referred to any indications, or complaints, from previous clients of substandard work. He pointed out under Timeliness of Submission that Hooper-Cornell had been one day late in getting their proposal submitted, which had somewhat colored his opinion. He indicated that he believed every member of the team was comfortable with either Eide-Bailly or Hooper-Cornell as they each had experience with the legislative branch. Director Youtz advised that Hooper-Cornell had done the last five audits for the legislature, and Eide-Bailly had done several of the audits prior to that. He suggested that sometimes it is good to get a fresh set of eyes on the audit, which was part of his reason for ranking Eide-Bailly slightly ahead.

Senator Stennett thanked Director Youtz for doing the evaluation as it made each firm's qualifications much clearer. She said that she too had hesitation about the timeliness of Hooper-Cornell. That, she said, along with the quality of the audit team, should be taken into consideration. She indicated that even though Hooper-Cornell was the lowest bid, they still wanted to make sure that they got the best resources.

Senator Buckner-Webb asked what was included in ranking the quality of the team. Director Youtz indicated that his team had reviewed each firm's list of primary auditors along with their credentials and experience.

The Pro Tem asked what time of year the audit would be performed. Director Youtz indicated that the field work would be done in September, which was important to allow the staff time to ramp-up for Orientation along with a number of other things. The Pro Tem asked if they had an audit last year. Director Youtz responded that they had an audit for FY 2012, so the upcoming audits would be for FY 2013-2014 and FY 2015-2016. He indicated that they had been advised that CPA firms would be reluctant to bid on just one contract, so that was why they put out the RFP for the performance of two separate consecutive biennial audits.

The Pro Tem commented that most of these firms would be doing this audit at a reduced price because September is not a busy time for them, and because most firms feel an obligation to give back to the community and to the state. For those reasons he thought that they were probably getting a good deal compared to what a private business would have to pay.

Representative Chew asked what the difference was between a rating of 8.6 and 9.8 in terms of the quality of the audit team. Director Youtz advised that this was how it averaged out based on the subjective rankings by each member of the team. He indicated that the rankings were close, and he could say that all three of the firms would do a fine job.

Speaker Bedke asked if the prices quoted by the firms were for a two year cycle. Director Youtz indicated that was correct.

Senator Bayer asked Director Youtz to elaborate as to how the past experience of the firms was weighed. Mr. Youtz indicated that each firm had listed their experience with Idaho, out-of-state governmental entities, as well as local government, so it was a matter of comparing that experience and ranking it between 0 and 15 points. He added that both Eide-Bailly and Hooper-Cornell had prior experience auditing the legislative branch.

Senator Bair made the motion to hire Eide-Bailly to perform the legislative audit. Senator Werk seconded the motion. Senator Bair indicated that he was impressed by the job that Director Youtz and the team had done in providing the Council with good information by which they could determine which company to hire. He said that in looking at all of the factors, including price, it seemed that they could get the best value from Eide-Bailly.

Representative Moyle asked if in using Hooper-Cornell in the past there were any issues that would make them want to spend almost \$5,000 more with a new company. Director Youtz explained that some people preferred the work that Eide-Bailly had done in past audits, and there was some preference for the work that Hooper-Cornell had done. He said that personally he was disappointed with Hooper-Cornell for being late with their bid. He indicated that he was sure Hooper-Cornell would do a good job, but since they would be investing four years with a firm they thought that the technical capability of the staff at Eide-Bailly was worth the extra expense. Representative Moyle indicated that over the two year cycle the difference in price was almost \$10,000, or nearly 25% of the total contract. He said that if Hooper-Cornell was doing a good job he would say to go with the less expensive firm, but not if they had concerns.

The Pro Tem said that the few people he had talked to were very pleased with Eide-Bailly and their understanding of the way that the system worked. He indicated that in addition to looking at the out of pocket dollars they also needed to consider the staff time involved in the audit. He said that his impression was that Eide-Bailly was more efficient in working with the staff by asking the right questions and getting the right information the first time.

The motion to hire Eide-Bailly to perform the legislative branch audit passed on a voice vote.

Director Youtz suggested that the Council begin looking at dates for their May meeting. He indicated that it was usually on the first or second Friday after the primary election which this year would be the 23rd or the 30th of May. Speaker Bedke indicated that he would not be available on the 30th.

Director Youtz indicated that Representative Hartgen had wanted him to bring up to the Council that they were doing some improvements in regard to the Americans with Disabilities Act and access in the Capitol Building. He said that the Capitol Commission had already approved approximately \$100,000 in improvements in items such as signage and automatic door openers. He advised that as this subject would likely come up in the Spring Legislative Council meeting, he would ask that they pass on to him, or to Senator Winder, any input from constituents or visitors regarding accessibility difficulties in the Capitol. Speaker Bedke suggested that they do this right this time so it did not have to be done again. He also mentioned that Representative Hartgen's new perspective will be useful in the discussion.

The Pro Tem suggested that the Council pencil in the 23rd of May for their next meeting.

As there was no other business to come before the Council the meeting was adjourned at 3:35 p.m.